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Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report of the Joint Inspection Unit entitled "Overview of the series of reports on managing for results in the United Nations system" (JIU/REP/2004/5).

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OVERVIEW OF THE SERIES OF REPORTS ON MANAGING FOR RESULTS IN THE UNITED NATIONS SYSTEM

Prepared by

Joint Inspection Unit

United Nations, Geneva
2004

Objective

To identify the factors that are critical to the successful implementation of results-based management, as a broad management strategy, in the organizations of the United Nations system and provide a benchmarking framework for such an implementation.

INTRODUCTION

1. During the 1990s, the public sector in many countries (mainly OECD countries) was the subject of extensive reforms in response to economic, social and political pressures. Public deficits, structural problems, growing competitiveness and globalization, lack of public confidence in government and growing demands for better and more responsive services as well as for more accountability were all contributing factors.

2. A central feature of the reforms was emphasis on improving performance; that is on ensuring that government activities achieve effectively desired results. Hence, the adoption of results-based management (RBM) in the government agencies of many countries. By the end of the decade, most of the United Nations system organizations were facing similar challenges and pressures from their contributors to reform their management systems and become more effective and results-oriented.

3. Since then, the United Nations organizations have undertaken wide-ranging efforts to establish RBM systems. The Inspectors noted that some of these efforts have been more fruitful than others, with varying levels of progress achieved in establishing such systems among the organizations of the United Nations family.

4. For all, however, the change over to a results-based culture has been lengthy and difficult, with organizations struggling to establish environments that promote high performance and accountability, empower managers and staff alike and include them in the setting and accomplishing of programmatic goals. The Joint Inspection Unit has also found that too often, RBM reforms still focus exclusively on the budgeting and programming aspects of management. However, with spending on human resources at around 80 per cent of total budgetary resources in most organizations of the United Nations system, the present structures for human resources management equally require reforming if they are to be conducive to a genuinely results-based approach.

5. Based on their analysis, the Inspectors have identified the process of planning, programming, budgeting, monitoring and evaluation; delegation of authority and accountability; and staff performance management and contracts as the main pillars for the development of a solid RBM system. Therefore, the Inspectors have produced a series on management for results in the United Nations system composed of three main parts. For ease of reference, they have decided to present in this first document an overview of the main findings of the three parts of the report, articulated in a benchmarking framework. More detailed analysis and information on each of the main sets of issues can be found in the three other documents. The Inspectors emphasize that the three parts, together with the overview, should be read and considered in conjunction with one another to have a better sense of the challenges facing the effective implementation of RBM in United Nations organizations, and acted upon accordingly by the legislative organs, the secretariats and the CEB.

6. Recognizing that a successful cultural transformation and implementation of change management initiatives may require several years, the Unit believes it would be premature at

this stage to attempt to evaluate the impact of the new policies and systems introduced in the majority of United Nations organizations. Instead, the Inspectors have chosen to contribute to the implementation of changes proposed by submitting here a list of critical success factors through which the concepts developed in recent years can be operationalized.

7. The Inspectors hope that this list, which is not exhaustive, can offer to participating organizations a benchmarking framework, or "scorecard", to measure their progress towards RBM. They are aware that there is no single "roadmap" to RBM, and that the specific nature, mandate, structure, size and constraints of each organization will dictate to a great extent the managerial choices they make in the next few years. Indeed, it should be realized that RBM in itself is a flexible approach to planning and decision-making. Nevertheless, because of the wide range of commonalities existing among United Nations organizations, the Inspectors believe that reforms can be carried out more effectively and efficiently if lessons learnt are shared and best practices disseminated. Harmonization of practices will be particularly important in the context of joint programming, called for by the Secretary-General in his reform initiatives.

8. Therefore, selected case illustrations, in the form of examples of policies, processes or practices that appear to encompass one or several of these success factors, have been highlighted in boxes included in the three parts of the report. The main challenges and difficulties faced by some of the organizations in trying to implement these new policies are also discussed, and attention is drawn to the risks associated with a number of current practices. The Inspectors would like to emphasize that the selected case illustrations are not exhaustive, and that their number was limited by the need for brevity, and the desire to ensure that the cited cases are corroborated through the Inspectors' missions and interviews of officials in the organizations concerned.

METHODOLOGY

9. A participatory approach, as well as in-depth research and analysis, have provided a solid foundation for the development of the benchmarking framework. The Inspectors' initial exploratory high-level meetings formed the basis for the terms of reference for the series. This was subjected to the scrutiny of the other members of the Unit, and shared with the participating organizations and other interested parties. It also provided the basis for the discussions in a "brainstorming" session held with these same participants on the issues of human resources management. These preliminary consultations were supplemented by desk reviews prepared from extensive documentation retrieved on-line from all the participating organizations, as well as from other international organizations and research institutions.

9. Following a review of the information gathered, the Inspectors held interviews with high-level officials in organizations of the United Nations system covering a wide range of management, administrative and substantive functions, including with staff representatives and officials of the International Civil Service Commission (ICSC) in relation to the human resources issues. Interviews were also conducted with most of the United Nations funds, programmes and specialized agencies, and, to gain a broader perspective, with officials of other international organizations, including the World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO) and the Organisation for Economic Co-operation and Development (OECD). They analyzed additional documentation provided by all these organizations as well as a large number of studies published by OECD and other specialized bodies on management reforms in national administrations. During this research, the Inspectors kept in mind at all times the universal character of the organizations of the United Nations system, and the need to examine and compare a variety of national experiences and managerial schools and practices.

10. This wealth of information provided the basis for a blueprint of the three parts of the report. The initial blueprint was again subjected to the scrutiny of the participating organizations in a review meeting held in Geneva on 29-30 June 2004. More than thirty officials representing twelve United Nations organizations, in addition to OECD, participated actively in the meeting, which was marked by a cooperative spirit, constructive exchange of views and concrete proposals to improve the initial drafts and reach consensual texts. Finally, in accordance with the Unit's statute, standards and guidelines, and internal working procedures, the report was tested against the collective wisdom of the Unit and the draft was formally shared with officials in all participating organizations. Their comments have been reflected to the extent possible in the final text.

11. It was the intention of the Inspectors to seek additional inputs from a combined web-based questionnaire addressed directly to all staff of the participating organizations. The aim was to draw a comprehensive system-wide picture of staff's perceptions of the issues addressed in the three parts and to assess the understanding and acceptance of a number of key concepts widely promoted by executive heads in recent years. A draft questionnaire was prepared and sent to the participating organizations in a validation process. While this yielded many positive responses and constructive suggestions, time and resource constraints have forced a postponement of this project.

12. The Inspectors have been gratified by the interest and encouragement received from all quarters in the preparation of this report. This collaborative process has informed the work at every stage and has helped to build a consensus around the core issues under discussion. The Inspectors wish to express their sincere appreciation to the many people who responded readily to requests for assistance, and particularly to those who participated in the interviews and so willingly shared their knowledge and expertise.

RECOMMENDATIONS

1. Legislative organs of participating organizations may wish to endorse this benchmarking framework as a tool for them, the pertinent oversight bodies and the secretariats to measure the progress towards an effective implementation of results-based management in their respective organizations, taking into account their specificities, and may wish to request their secretariats to present to them a report thereon.

2. The United Nations System Chief Executives Board for Coordination (CEB), building on existing efforts within the system, should play a more active role in harmonizing, to the extent possible, the implementation of RBM in the United Nations system organizations and provide a forum for the exchange of experiences among the United Nations organizations in this regard. The CEB could consider establishing a task force for this purpose.

PART I: IMPLEMENTATION OF RBM IN UNITED NATIONS ORGANIZATIONS

13. The Inspectors have identified the following critical success factors at the corporate level for an effective implementation of RBM in the United Nations organizations.

Benchmark 1

A clear conceptual framework for RBM exists as a broad management strategy.

14. The first and crucial step for the introduction and implementation of RBM is the development of a clear conceptual framework for RBM, as a broad management strategy, to be shared among the organization's main parties (Member States, oversight bodies and secretariats) and formally adopted by the competent legislative organ. Through such a framework, the organization should seek to:

(a) promote common understanding of RBM;

(b) provide clear definitions of RBM concepts and techniques;

(c) harmonize RBM tools and terminology within the organization, based on the work already done in this domain;[1]

(d) adapt RBM to the business and operations of the organization at all levels;

(e) emphasize the implications and requirements of such an adaptation at all levels; and

(f) provide a basis for a time-bound coherent strategy for implementing RBM.

Benchmark 2

The respective responsibilities of the organization's main parties are clearly defined.

15. An orderly transition to an RBM approach calls for a shared understanding of clearly defined responsibilities (division of labour) among the organization's main parties. In this regard:

(a) Member States, through the legislative organs, should focus primarily on setting clear, measurable, and time-bound goals, objectives, and targets for the organization; identifying the responsibilities of the secretariat in attaining the organization's goals and objectives vis-à-vis the responsibilities of other parties, in particular their own responsibilities; monitoring the organization's progress towards those goals and objectives by focusing on results, thus refraining from micromanagement and insisting, instead, on accountability for results; providing resources commensurate with the approved programmes, and/or giving clear guidance on programme and resource allocation priorities where sufficient resources cannot be provided;

(b) Secretariats should satisfy the Member States that the established goals and objectives are translated into effective programmes and activities that contribute to or ensure their achievements, and that resources are used efficiently for those purposes, fully respecting the mandates and priorities established by Member States; promote the sense of ownership and accountability among managers and staff, including by fully involving programme managers in the decision-making process of their respective

[1] See Part I "Managing for results in the United Nations system: implementation of results-based management in the United Nations organizations", para. 10 and Box 3.

programmes; promote also an environment of trust among parties, including through transparency and consultations with the Members States; and provide at timely intervals, through defined tools, clear assessments of the organization's performance; and

(c) Oversight bodies, both internal and external, should, while observing their respective mandates, satisfy the Member States that the secretariats are discharging their responsibilities in the most effective and efficient manner; and advise and guide the secretariats in their efforts towards greater efficiency, as appropriate.

Benchmark 3

Long-term objectives have been clearly formulated for the organization.

16. A key step for RBM is to identify the long-term goals and objectives to be pursued by the organization. They derive from the statutory instruments, the mission statement and the related mandates contained in the pertinent resolutions and decisions. The main actions to be carried out are to:

(a) adopt a long-term planning instrument for the organization (corporate strategic framework);

(b) identify the internationally agreed goals that closely relate to the organization's mission, and to which a contribution from the organization is expected in view of its specific mandate and sphere of competence;

(c) define clearly the long-term objectives for the organization that would contribute to the attainment of the identified goals; the objectives should be specific, measurable, achievable, relevant and time-bound (SMART) and constitute, therefore, the critical results to be accomplished or assessed by the organization over the period of time covered by its strategic framework; and

(d) ensure a participatory process in the development of the corporate strategic framework.

Benchmark 4

The organization's programmes are well aligned with its long-term objectives.

17. The programmes and their activities constitute the vehicle through which the organizations pursue their long-term goals, objectives and targets. Therefore, the programmes should be well aligned with those goals and objectives, which requires:

(a) clearly defining the cascade of objectives at each level of the organization's programme structure;

(b) ensuring that objectives are logically consistent among levels reflecting cause-effect linkages;

(c) regrouping and reformulating the programmes to provide better focus for the work of the organization within the framework of the identified long-term objectives thereby avoiding a strategic disconnect in programme planning; and

(d) adapting RBM tools and approaches to the specificities of various operational entities.

Benchmark 5

The organization's resources are well aligned with its long-term objectives.

18. Accounting for results is at the heart of the shift to RBM in United Nations organizations. Hence, resources must be well aligned with and commensurate to the organization's long-term objectives. To achieve this, the following should be considered:

(a) ensuring coherence and compatibility between budgeting and programming decisions (e.g., any budget cuts should correspond to specific and identified programme cuts);

(b) developing effective cost-accounting systems that link expenditures to expected results;

(c) adopting a programming instrument linking resources to results;

(d) in case of a short programming cycle (2-3 years), merging budgeting with programming and appropriate necessary resources;

(e) in case of medium-term programming (4 years or more), approving a targeted overall level of resources and appropriating on annual or biennial basis; and

(f) identifying under-performing, obsolete or marginal programmes and activities over time and shifting resources not only to proven efficient and relevant ones, but also to those programmes considered to be of the highest priority.

Benchmark 6

An effective performance monitoring system is in place.

19. To achieve this, the following conditions must be met:

(a) Adoption of clear provisions for the supervisors to systematically verify that tasks assigned to meet the objectives and targets are being successfully carried out;

(b) identification of the type of data and information needed to be collected for performance monitoring;

(c) assignment of clear responsibilities among staff and managers for performance monitoring;

(d) linking future resource disbursements for programmes to the discharge of their performance monitoring requirements;

(e) refining the quality of the defined results and indicators through the process;

(f) using both qualitative and quantitative indicators, as appropriate, and identifying standard or key indicators to measure performance at the corporate level;

(g) establishment of baselines and targets against which progress could be measured over a certain period of time;

(h) simplification of performance measurement, including through the initial use of relatively few results statements and performance indicators;

(i) development of a clear information and communication strategy to guide, inter alia, the selection of the performance monitoring information system to be used, and ensure coherence in systems throughout the organization;

(j) weighing carefully the return on investment expected from various options to select performance monitoring information systems; and

(k) ensuring that performance information systems are supported by a reliable telecommunications infrastructure.

Benchmark 7

Evaluation findings are used effectively.

20. The evaluation findings and recommendations must be used effectively through timely reporting and feedback and serve as the main basis for the upcoming planning, programming, budgeting, monitoring and evaluation (PPBME) cycle, as well as for policy development. In addition to these "ex-post" evaluations, "real-time" evaluations during an operation's process should also be enhanced to achieve specific objectives (expected results). For this purpose, it is essential to:

(a) clearly define the different types and levels of evaluation;

(b) ensure that self-evaluation is a main component of a clearly elaborated evaluation system;

(c) ensure that resources are clearly allocated for evaluation purposes, in particular self-evaluation in each programme;

(d) provide appropriate central support and guidance for self-evaluation;

(e) ensure that timely plans of self-evaluation are elaborated, as part of an overall evaluation plan for the organization;

(f) align the organization's evaluation plan with the programming cycle to allow timely reporting and feedback to upcoming and future programme planning;

(g) establish mechanisms for the implementation, monitoring and follow-up to the findings and recommendations of evaluations; and

(h) establish sharing mechanisms for the findings and lessons learned from the various evaluations, and assess the impact of such mechanisms periodically.

Benchmark 8

RBM is effectively internalized throughout the organization.

21. The effective internalization of RBM throughout the organization is a key success factor for its implementation. To achieve this, the following elements are indispensable:

(a) assigning a clear institutional responsibility to a defined entity within the organization to assist and oversee the orderly and systematic introduction of RBM and ensure a coherent implementation within the organization;

(b) development of a training strategy that would promote change management throughout the organization and through which managers and staff at all levels are familiarized with RBM concepts and requirements, and its impact on their own work;

(c) systematic verification that training tools and kits are used and applied at all levels, and provision of "on-the-job" training, as appropriate;

(d) review and adaptation of the regulations and rules governing the various work and management aspects in the organization;

(e) adoption of human resources policies to foster a culture based on results (see Parts II and III); and

(f) systematic verification, including through surveys, of the level of understanding and application of RBM among staff and management at all levels.

Benchmark: 9

A Knowledge Management strategy is developed to support RBM.

22. Knowledge management (KM) can be an important managerial tool to reinforce and complement RBM. A comprehensive KM strategy should take into consideration the cross functional nature of the issue, involving different areas of the Organization from human resources to information and communication technology services. Therefore, the organization should:

(a) develop a solid knowledge management strategy covering the aspects of capture, collation, codification, structure, storage, sharing and dissemination of knowledge (including innovations, best practices, both internal and external) supported by appropriate information management systems; and

(b) include in the performance management systems provisions to encourage staff members to record and report on innovations and best practices.

PART II: DELEGATION OF AUTHORITY AND ACCOUNTABILITY IN HUMAN RESOURCES MANAGEMENT

A. DELEGATION OF AUTHORITY

23. The primary objective of delegation of authority is to foster a more efficient use of all resources and facilitate the emergence of more agile and responsive organizations, thus enhancing overall performance. Delegation of authority is thus a prerequisite for the successful implementation of results-based management: to be accountable for results, managers have to be duly empowered through clear delegations of authority in all areas, including, and in particular, human resources management. As in the private sector, there has been a marked trend in public administrations towards the creation of a more trusting and less restrictive management style through greater delegation of authority to line managers. What is advocated is no longer the delegation of authority to managers for the sake of expediency that has always existed for a number of administrative procedures, but rather a complete change in management culture.

24. The Inspectors have identified the following critical success factors for delegation of authority for the management of human resources. Many of the factors apply equally to the management of all resources.

Benchmark 1

The vertical chain of command is clear and unambiguous.

25. This may be achieved through:

(a) the establishment of a clear, institutionalized chain of command, cascaded from the highest legislative authority down to the lowest level of the organization;

(b) the identification and elimination of excessive control and approval mechanisms and reform of regulations and rules, as appropriate, to streamline management procedures.

Benchmark 2

Delegation of authority is clearly determined.

26. This may be achieved through:

(a) the determination of which authority can and should be delegated to which level, weighing carefully the risks and benefits implied;

(b) a careful distinction between delegation of authority and decentralization of administrative tasks;

(c) clarification of the distinction between delegation of signature and delegation of authority;

(d) clear identification of the degree of significant responsibilities in the management of human resources, such as staff selection, which are to be delegated to the various layers in the chain of command from the top management to the line managers;

(e) the limitation of the administrative responsibilities delegated to line managers to those that are intrinsically linked to the authority delegated;

(f) specification of the circumstances in which derogation of delegation of authority may apply.

Benchmark 3

Delegation of authority is clearly defined in general administrative instruments and/or individual delegation orders, and is consistent.

27. This may be achieved through:

(a) the development of a comprehensive statement, preferably in a single document, of all delegated authorities in the organization and associated accountabilities;

(b) the elaboration, in individual delegation orders, of specific responsibilities, including limitation of the degree of delegation of authority and related accountability to the resources under the responsibility of the individual;

(c) the systematic dissemination of all delegation instruments;

(d) the periodic review and updating, as appropriate, of all delegation instruments for clarity and consistency.

Benchmark 4

Adequate management information systems support the delegation of authority.

28. This implies the timely development of the human resources management components of integrated management information systems.

Benchmark 5

Managers are empowered through adequate access to information.

This can be achieved through:

(a) the development of an on-line human resources management handbook with advanced search function;

(b) continuous updating of administrative documents and guidelines to reflect new policies and changes in delegations;

(c) on-line access to relevant information on staff supervised.

Benchmark 6

Managers are empowered through adequate central support services and help-desks for human resources management.

29. This may be achieved through:

(a) reviewing the adequacy, positioning and resourcing of central support services, in respect of their main functions: provision of common administrative services; provision of advisory services, including through human resources help desks; access to management knowledge; and monitoring;

(b) strengthening these services, as necessary.

Benchmark 7

Managers demonstrate required competencies.

30. This implies the need to:

(a) clearly define the required managerial competencies;

(b) recruit, place, promote or reassign to managerial positions only those persons possessing the required managerial competencies;

(c) promote those managers who combine proven managerial competencies with consistent high achievement.

Benchmark 8

Managers are empowered through adequate training.

31. This may be achieved through:

(a) the provision of specialized training to ensure the adequate development of the managerial competencies identified by each organization;

(b) expanding the role in this area of the United Nations System Staff College.

B. ACCOUNTABILITY

32. The Inspectors noted that one of the main concerns raised in respect of delegation of authority, particularly by the staff representatives in the various organizations, was that in the absence of effective accountability mechanisms, the further empowerment of managers could result in arbitrary decision-making and the misuse of power in some cases. The Secretary-General of the United Nations, for his part, has stressed that accountability for the use of resources is integral to an organizational culture of empowerment. While there is therefore a strong consensus on the need for a robust and reliable system of accountability, there is not necessarily a shared understanding of what such a system is or implies. The Inspectors have identified the following critical success factors for accountability systems:

Benchmark 1

A clear legal framework for the accountability system, including the system of administration of justice, is framed in relation to the results-based management system adopted.

33. This implies review and revision of the pertinent regulations and rules, and related procedures and administrative instructions.

Benchmark 2

Performance-oriented systems of accountability replace traditional, compliance-based systems.

34. This implies:

(a) reviewing the existing accountability systems and replacing them, as necessary, with new mechanisms that place positive emphasis on guiding appropriate behaviour in managers and encouraging them continuously to perform;

(b) the organizations setting clear provisions for enforcing responsibility, liability, reporting, monitoring, and administration of justice in their management and administration.

Benchmark 3

Accountability is applicable at all levels, from the top down. The executive heads and the heads of major organizational units are therefore the first to be held accountable for the results that they are expected to deliver.

35. This implies that:

(a) the programme budget is regarded as a key element in the performance agreement between the legislative organs and the executive heads;

(b) executive heads of organizations reach performance agreements with individual managers in senior positions;

(c) recruitment, placement, reassignment and promotion decisions are based strictly on professional competence, and political considerations, other than those expressly agreed and legislated on by the legislative organs, are not allowed to influence those decisions.

Benchmark 4

Unfaltering commitment of leadership.

36. This implies that the system of accountability will ensure commitment at all levels in the hierarchy, and in particular at the very top of the organization.

Benchmark 5

Accountability for the use of human resources is based on the assessment not only of the degree of achievement of expected results, but also of the managerial competencies demonstrated in the achievement of these results, as measured for instance through a 360-degree feedback mechanism.

37. This implies that adequate performance indicators, both quantitative and qualitative, are developed.

Benchmark 6

Effective monitoring systems are in place for human resources management.

38. This may be achieved through:

(a) monitoring systems, including the required reporting mechanisms, designed to provide strategic support to management;

(b) targeted monitoring activities;

(c) timely analysis of performance information for feedback into the planning cycle;

(d) timely implementation of integrated management information systems to facilitate reporting and monitoring.

Benchmark 7

Strong oversight systems exist.

39. This implies:

(a) verifying whether or not the existing oversight and control mechanisms are adequate in terms of independence, mandate, reporting, structure, staffing and professional strength to cope with the exigencies of results-based management;

(b) taking corrective action, if required;

(c) formulating, disseminating and enforcing codes of conduct and ethical standards for all staff;

(d) providing accessible channels for staff to report instances of alleged fraud and other abuses, as well as effective protection to staff making such reports.

Benchmark 8

A transparent, swift, independent and equitable system of administration of justice is in place.

40. This may be achieved through:

(a) encouraging recourse to mediation;

(b) the appointment of an internal ombudsman chosen jointly by the administration and staff representatives, or the introduction of an external ombudsman function;

(c) the streamlining of current appeal mechanisms, by, inter alia, offering a single channel for appeals related to staff performance, regardless of their nature (appraisal rebuttals, appeals against administrative decisions, etc.);

(d) strengthening the professionalism and independence of the members of appeal bodies, with the option to include persons who are not staff members of the organization concerned;

(e) the review of staff administration rules that give rise to an inordinate number of appeals;

(f) strengthening the role of the internal appeal bodies by enhancing their independence and ensuring that the whole appeal process is duly documented and taken into consideration in the subsequent litigation process;

(g) identification by the administrative tribunals of frivolous applications and imposition of sanctions (which can take the form of a reasonable percentage of salary) on the party/ parties concerned;

(h) identification of managers whose decisions give rise to numerous successful appeals by different staff and careful review of their performance.

PART III: MANAGING PERFORMANCE AND CONTRACTS

A. PERFORMANCE MANAGEMENT

41. In the United Nations system, performance management has been long understood in the restricted sense of performance appraisal, and systems developed in the 1980s and 1990s to provide such appraisal have often wanted for credibility. The Inspectors have concluded that many systems in place still lack some of the features that make for a coherent and reliable performance management system. It is important that this situation be rectified because of the significance of adequate performance management systems to results-based management. The Inspectors have identified the following critical success factors for performance management systems:

Benchmark 1

The main pre-requisite for an effective performance management system is a change in the culture of organizations concerned.

42. This may be achieved through:

(a) emphasis on adequate managerial competencies in recruitment of new managers and placement, promotion or reassignment of staff to managerial positions, as well as participation of current managers in leadership and management development programmes; and

(b) development of mechanisms to ensure proper delegation of authority and related managerial accountability for the implementation of performance management systems.

Benchmark 2

Performance management systems communicate and clarify organizational goals to staff and align individual performance expectations with organizational goals.

43. This may be achieved through:

(a) a clear definition of the cascade of objectives at each level of the organization;

(b) the implementation of a framework for work planning, programming and target setting in which the links between departmental and work unit goals and individual work plans are systematically established and verified;

(c) the alignment of the performance appraisal cycle with the programme budget cycle;

(d) a shared understanding of the potential impact of individual staff member's performance on programme delivery during the evaluation period;

(e) the identification of horizontal and external dependencies that may impact on performance outcomes; and

(f) the adoption of corrective action when contradictions arise between the assessed performance of a given unit and the assessed performance of individuals working in that unit.

Benchmark 3

Performance management systems are seen as managerial tools that help the organizations run, direct and control their resources on a day-to-day basis.

44. This may be achieved through:

(a) the sharing of individual work plans within a given work unit to increase transparency;

(b) a continuous dialogue between the manager and staff so that those on track are encouraged while those falling behind are given guidance in a timely manner; and

(c) systematic documentation of performance throughout the appraisal period.

Benchmark 4

Performance management systems are simple and light to administer.

45. This may be achieved by:

(a) limiting the number of rating categories to three (such as: Significantly exceeds performance requirements; fully meets performance requirements; does not fully meet performance requirements);

(b) providing guidance to managers throughout a given organization on the use of the ratings categories, thus ensuring coherence; and

(c) providing sufficient flexibility in ratings distribution to allow meaningful comparison between individual and programme performances and to provide a sound basis for rewards and/or sanctions.

Benchmark 5

Performance management systems use appropriate and balanced measures of achievement of goals.

46. This may be achieved through:

(a) a comprehensive evaluation of individual performance to include both the achievement of results, the degree of satisfaction of "clients" and the demonstration of required values and competencies; and

(b) the identification and continuous use of both quantitative and qualitative indicators.

Benchmark 6

Performance management systems ensure consistency in assessment throughout a given organization.

47. This may be achieved through the creation of review panels/groups or similar mechanisms to review the quality, consistency and fairness of the performance appraisal reports of all staff and make recommendations to supervisors as appropriate.

Benchmark 7

The results of performance appraisal are used as a basis for appropriate personnel actions, and in particular for career development.

48. Individual performance appraisal is tracked over the longer term to:

(a) identify and advance staff members who have demonstrated their ability to contribute to the work of the organization at a higher level and assume greater responsibilities;

(b) identify those staff members whose skills, experience and competencies would be best suited to other functions and re-deploy them accordingly.

Benchmark 8

Performance management systems identify and address staff development needs. They also identify and address chronic under-performance.

49. This may be achieved through:

(a) the use of individual performance appraisal to identify staff development needs and develop specific plans to address these individual needs;

(b) the identification of general staff development requirements and design of corporate training plans;

(c) documentation and discussion of problem performance, including agreements on performance improvement plans; and

(d) the establishment and implementation of consequences to poor performance.

B. REWARDING PERFORMANCE

50. It is often felt that current compensation systems in public administrations, national and international, do not encourage or reward outstanding performance, and that additional efforts are needed to retain high-performers in the public service. Many national administrations have adopted pay-for-performance (PFP) systems in recent years, with varying degrees of success, based on the belief that the role of compensation systems should evolve from merely paying employees to communicating and rewarding desired values, behaviours and outcomes. The question of applying such schemes to United Nations organizations, whose common compensation system is widely perceived as excessively based on seniority, and thus insensitive both to the labour market and to performance, has been considered by the Inspectors in this section of the report. It must be stressed at the outset, however, that the establishment of effective performance management systems is a prerequisite for the implementation of pay-for-performance schemes, the latter being simply important tools for rewarding performance that can be made available, among others, to managers once such

systems are firmly in place. The Inspectors have identified the following critical success factors for pay-for-performance systems, including broadbanding systems:

Benchmark 1

Strong performance management and accountability systems are in place so that employees perceive that performance pay is reliable and awarded fairly and consistently.

51. This implies:

(a) the development and implementation of strong and reliable performance management and accountability systems;

(b) that the "rules of the game" regarding performance management and its consequences be made clear at the time of recruitment;

(c) the establishment of objective criteria to ensure consistency across an organization; and

(d) the establishment of an impartial panel to advise on the distribution of awards.

Benchmark 2

The performance reward scheme emphasizes organizational results, not just individual performance.

52. Because the contribution of individuals to the achievement of organizational objectives may be more easily assessed for senior managers, it may be easier to introduce such schemes for them first.

Benchmark 3

There are clear links between performance appraisal and salary increase, and PFP systems are designed so that performance awards are commensurate with the staff members' contributions to the programme delivery.

Benchmark 4

Funding is ensured and the pay-for-performance scheme financially viable.

53. Assuming acceptance by legislative organs of the pay-for-performance schemes, financial implications may be addressed by exploring the following modalities, individually or combined with others:

(a) the legislative organs provide the resources necessary for the successful implementation of the approved programmes. Once the financial resources are approved, the executive heads are granted authority to use those resources in the way

they deem fit, including for the PFP scheme in place, and are accountable to the legislative organs for their actions;

(b) a specified percentage of any savings accrued at the end of the financial period to be used by the organizations concerned as a source for financing remuneration increases linked to performance (change required in the relevant financial regulation);

(c) the earmarking of a specific percentage of the appropriation for staff costs to fund the scheme (change required in the relevant financial regulation);

(d) freezing of within-grade salary level of low performers.

Benchmark 5

The reward system must be shown to have a clear motivational impact.

54. As a first step to designing a PFP system, organizations may want to conduct a staff survey to identify the key motivational factors underlying their performance.

Benchmark 6

Pay-for-performance schemes must be widely accepted to become effective.

55. In the early stages of designing a PFP system, organizations should consult widely with all the interested parties, obtain feedback directly from employees and engage staff representatives.

C. CONTRACTUAL ARRANGEMENTS

56. Contractual arrangements are an essential element of an effective human resources strategy for empowerment and performance. They should be closely aligned with the type and duration of the function performed, easy to administer, fair and transparent. At the same time, recent experiments, as well as the jurisprudence of the United Nations Administrative Tribunals, have shown that in the absence of an effective performance management system and of adequately trained managers, the type of contracts granted makes little difference. The Inspectors have concluded, therefore, that while the issue of contractual arrangements has long been mostly linked to those of compensation and cost savings, it should now be seen as an integral element of the performance management system. The Inspectors have identified the following conditions as necessary for contractual arrangements to support an effective results-based management system:

Benchmark 1

Human resources are aligned with the strategic objectives of the organization.

57. This may be achieved by:

(a) developing effective planning tools to define the human resources needed by organizations to fulfil their missions;

(b) integrating human resources planning in the organization's strategic and operational planning for the short, medium and long terms;

(c) establishing an inventory of the main skills and attributes of the existing workforce; and

(d) increased budgetary flexibility granted to executive heads by the governing bodies of United Nations organizations for the use of human resources.

Benchmark 2

The specific needs of international public organizations are recognized and a balance is achieved between time-limited and indefinite contracts, which is conducive to performance.

58. In this regard, surveys of newly recruited staff can be carried out with a view to assessing the importance of tenure in the attractiveness of United Nations organizations as employers.

Benchmark 3

Transparent, effective and fair recruitment/placement systems are in place to support results-oriented contractual policies.

59. Such systems would normally include the following features:

(a) advertisement of vacancies by organizations to the widest audience possible, including through the use of dedicated websites, and use of reliable electronic screening tools to ensure that only the genuinely qualified candidates are considered;

(b) a clear indication in vacancy announcements of the type of competencies, qualifications and skills required for a given function, as well as the expected length of the appointment;

(c) clarification of the authority delegated to programme managers for the recruitment and placement of staff to posts under their responsibility;

(d) the development of tools and mechanisms such as tests, competency-based interviews and "assessment centres" to assist the managers in the discharge of their responsibilities; the use of pre-defined, clear and verifiable criteria for the selection of candidates, with a clear determination of the respective weights of these criteria; and

(e) the establishment of central bodies that review selection decisions to verify that these pre-defined evaluation criteria and relevant procedures have been applied, and that the comparative evaluation has been duly recorded.

Benchmark 4

The focus of contractual reforms is shifted to performance.

60. At the same time, contractual reforms continue to pursue the following objectives, which are all conducive to RBM:

(a) rationalization and simplification of contractual arrangements, which could eventually lead to dividing them in two categories only, time-limited and indefinite;

(b) increased flexibility provided to organizations to hire the right person at the right moment for a specific function and for the duration required by that function;

(c) fairness.

Benchmark 5

The jurisprudence of the Administrative Tribunals is taken into account.

61. To this end, the organizations may want to:

(a) review the efficiency and effectiveness of their administrative procedures in the context of RBM;

(b) design contractual documents that spell out very clearly the terms of employment and ensure that staff are fully briefed about the terms of employment and their implications including with regard to career expectations;

(c) establish mechanisms to ensure that managers are adequately supported and to monitor the proper application of administrative procedures; and

(d) establish mechanisms to ensure accountability of managers in respect of contractual arrangements.